

June 15, 2012

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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4



Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930
nortonrose.com

On January 1, 2012, Macleod Dixon joined
Norton Rose OR to create Norton Rose Canada.

Your reference
EB-2012-0180

Direct line
+1 (416) 216-1927

Our reference
01005480-0004

Email
john.beauchamp@nortonrose.com

Dear Ms. Walli:

Hydro One Networks Inc. ("HONI") – Application for an Accounting Order to Establish an Incumbent Transmitter Deferral Account (EB-2012-0180)

We are counsel to Five Nations Energy Inc. ("FNEI"). As per Procedural Order No. 1 in the above-reference proceeding, FNEI was accepted as an intervenor and offers the following submissions.

On March 22, 2012, HONI applied to the Board for an accounting order to establish a new deferral account, "East West Tie Deferral Account ("EWTDA")", for the purpose of recording expenses relating to the East-West Tie Line designation proceeding (EB-2011-0140, the "Designation Proceeding"). The account would be effective from January 3, 2012 and would capture costs that relate to:

1. the cost for the proceeding apportioned to HONI by the Board;
2. costs incurred by the incumbent transmitter to support the Board through the designation process and to eventually facilitate the connection; and
3. expenditures incurred relating to preliminary engineering and other station connection work required to accommodate the EWT Line.

The Board established that the costs of the Designation Proceeding – both cost awards to eligible intervenors and the Board's own costs – will be recovered from licensed transmitters whose revenue requirements are recovered through the Ontario Uniform Transmission Rates. These costs will be apportioned between transmitters based on their respective transmission revenues. With respect to #1 above, we thus anticipate that costs for the designation proceeding will similarly be apportioned to FNEI. Our client does not expect to incur any of the costs described under #2 or #3.

Accordingly, to the extent that the Board finds it appropriate for HONI to establish the EWTDA for purposes of recording costs under #1, FNEI requests that the Board also provide for the establishment of an equivalent deferral account for FNEI.

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Please do not hesitate to contact me should you have any questions or concerns.

Yours very truly,

Original Signed By

John Beauchamp

JB/mnm

Cop(y/ies) to: All parties to the proceeding